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EXCOM 83-013
25 October 1983

MEMORANDUM FOR: Executive Committee Members

FROM: Executive Assistant to the Executive Director

SUBJECT: Minutes of 13 October 1983 Executive Committee Meeting: (1) Future of Economic Intelligence
(2) Integrity

1. The Executive Committee met on 13 October 1983 to discuss the "Future of Economic Intelligence," a paper prepared by the DDI, and to review IG findings on cohabitation overseas. [redacted] chaired the session; participants included Messrs. Fitzwater (DDA); Stein (DDO); Hirsch (ADDS&T); Gates (DDI); Taylor (IG). Robert Magee (D/Pers) and [redacted] (OP) were present for the discussion on cohabitation.

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Future of Economic Intelligence

2. After summarizing the DI paper on the future of economic intelligence (attached), [redacted] commented that it is apparent more precision is required in defining the role of DI analysts and DO [redacted] intelligence collectors; a persuasive case can be made for stronger DO collection in resource rich and advanced economies than in the Third World; and the DO needs to ensure that country ODs are responsive to economic tasking. He said that a coordination mechanism between the DO and DI for economic intelligence is in place; he questioned whether it is working. [redacted] then observed that just as the Agency had carefully defined its narcotics responsibilities, an objective review will be necessary to assess its role in support of the economic policy formulation process. State, Commerce and others have the primary domestic and foreign economic policy responsibilities. It may be appropriate to encourage a SIG, NSC, or other high level review of the economic decision-making process. As to recommendations in the paper on overseas staffing, Mr. Briggs concluded that the assignment of DI or DO officers for economic collection overseas perhaps should be considered last among a number of alternatives for strengthening CIA's economic intelligence capabilities.

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3. Mr. Gates said that in considering the future of economic intelligence the committee faced three areas of concern: (1) CIA's role in exploiting economic intelligence,

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particularly in what it collects; (2) the sharing of this information with U.S. business; and (3) sharing intelligence with allies. He noted that CIA gives more economic data to governments which are economic competitors than to American businessmen. Mr. Gates then observed that as for CIA's role, it would be a waste of time for the SIG or other policy forum to review the USG economic policy formulation process. Commerce has only 40 people in economics work; economics has a low priority at State; INR has no capability. CIA, as much by accident as by intent, is doing far more economic analysis than any agency in the government, with [] people working on all kinds of economic issues. As a result of the Agency's unique skills, the policymakers' dependence on the CIA is an accomplished fact. Mr. Gates concluded by saying he has tried to focus the DI's economic work strictly on international economic security issues, for example the debt crisis in important countries []

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4. [] interjected the observation that with all of the concern over technology loss and ways to solve technology transfer problems, it appeared even more worthwhile for the USG to look at the respective roles of the agencies involved in economic affairs. Mr. Gates agreed that logically this should be done but as a practical matter little can be done because the domestic side of the economic policy apparatus is ineffective. He added that by limiting CIA's role to international economic security issues, the Agency avoids involvement in highly politicized domestic issues.

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5. Mr. Stein said that he can define his Directorate's CI responsibilities narrowly. Although Bob Gates can define his economic responsibilities as security related, Mr. Stein added, it is difficult to hold to such a strict definition in the DO. The DO has a problem knowing what economic information to collect. He noted that the clandestine service (CS) can be put out of business if it is unleashed on the economic target. Mr. Gates added that both Directorates can be put out of business. Mr. Stein went on to say that the DO is in the business of recruiting spies and in order to do so it must have specific economic requirements. He emphasized that the pragmatic approach may be to get overt collectors more involved, for if this is not done, the CS would be pushed to engage in overt collection.

6. Mr. Gates next pointed out that 40 to 45 percent of the economic requirements are short-term, high-priority, such as those related to summit meetings. During FY-84 and FY-85, the DI will add a number of economic positions, as has the DO [] By FY-85 the buildup will come to an end. Mr. Gates said he felt that a handful of senior people should get together to size the economic problem, decide what data bases are required, and devise an economic strategy for the Agency. []

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sharing information with the business community, pressures to do so will grow. Agency policy should be to respond to appropriate requests, but not take the initiative in supporting the private sector.

7. After summarizing the discussion, [redacted] agreed that an internal working group should be formed under the DDI's auspices in order to review and make recommendation on what the Agency should do in the economic intelligence area. He also

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Integrity

8. [redacted] informed the Executive Committee that the DDCI had asked the Committee to consider the recommendations in the EA Division IG report on cohabitation with foreign nationals to determine whether [redacted] --on close and recurring relationships--requires revision and also to remind field installations of Agency policy on cohabitation. He observed that if the regulation is to be effective, Chiefs of Station must report all cohabitation cases and Headquarters' responsibilities have to be clearly defined. Jim Taylor noted that the IG has come across cases where cohabitation is affecting operational security. COS' have difficulty in dealing with cohabitation because the close working environment at Stations complicates taking disciplinary measures related to employees' personal lives. He added that, in the view of the DDCI, a close association with foreigners reflects poorly on the professional conduct of Agency activities. John Stein agreed and pointed out that [redacted] was written to strengthen security. When an employee has a foreigner living in the employee's quarters control is jeopardized and compartmentation suffers.

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9. The session concluded with Mr. Stein agreeing to complete a draft book cable on cohabitation by Monday, 17 October. The DDA and D/Pers were given the responsibility for recommending changes in [redacted]. Both the cable and regulation will be coordinated with the Deputy Directors.

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cc: IG

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